

TOWN OF HINGHAM

ACCOUNTING DEPARTMENT

Susan M. Nickerson
Town Accountant



To: Ted C. Alexiades, Town Administrator
Board of Selectmen
Advisory Committee

From: Sue Nickerson, Town Accountant

Date: December 2, 2014

Re: Fund Balance

Total General Fund Balance for the fiscal year ending June 30, 2014 (FY2014) is \$25,709,663 as compared to the Fund Balance for the fiscal year ending June 30, 2013(FY2013) of \$21,669,847, which represents an increase of \$4,039,816. With the implementation of GASB #54, the components of fund balance have changed to nonspendable, restricted, committed, assigned and unassigned. The chart below shows the breakdown of fund balance. Total Annual Expenditures for FY14 was \$84,263,862. Under our current fiscal policy, the percent of Unassigned Fund Balance to Total Annual Expenditures is 20.05%. Additionally, under the new standard, the Town's stabilization funds are reported within the general fund. The table below shows the components of Fund Balance along with the percentages:

Nonspendable		\$0.00	0.00%
Restricted		\$1,250,000	4.86%
Sale of Hersey House			
Committed:		\$5,189,694	20.19%
Stabilization Fund	\$1,138,385		
Stabilization Fund-Meals Tax	\$1,653,250		
Meals Tax Revenue	\$674,133		
Mooring Permits	\$1,010,729		
Special Articles	\$463,197		
Special Education Trust	\$250,000		
Assigned		\$2,374,893	9.24%
Encumbrance	\$2,374,893		
Unassigned		\$16,895,076	65.71%
TOTAL FUND BALANCES		\$25,709,663	100.00%

The increase in fund balance of \$4,039,816 is attributed to two categories: surplus of general fund revenue of approximately \$2.13 million dollars and a budget surplus of approximately \$1.9 million dollars. The following two tables illustrate the two categories:

Total General Revenue: The following chart shows categories of surplus revenue:

	<u>SURPLUS</u>
TAX LEVY	\$175,956
LOCAL RECEIPTS	\$1,009,717
MEALS TAX	\$674,133
STATE AID	\$273,890
NET CHANGE TO FUND BALANCE	<u>\$2,133,696</u>

Local receipts were greater than forecasted largely due to increases in motor vehicle excise (\$616,877); building permits (\$226,962); Penalties and Interest (\$148,882). The remaining \$17,000 were from all other local receipts combined.

The Meals Tax Revenue is non-budgeted revenue and increased the General Fund Balance for FY2014 by \$674,133.

Total General Fund Expenditures: The following chart shows categories of budget surplus:

<u>Budget Surplus</u>	<u>Amount</u>	<u>%</u>
Education	\$822,598	43.16%
Debt Service	\$493,513	25.89%
Employee Benefits	\$223,377	11.72%
Human Services	\$102,849	5.40%
General Government	\$89,682	4.70%
Public Safety	\$60,335	3.17%
Public Works	\$59,424	3.12%
All Others	\$54,342	2.85%
TOTAL BUDGET SURPLUS	<u>\$1,906,120</u>	<u>100.00%</u>

Education: Budget surplus (\$822,598) due to Tuitions to Mass Schools, Non-Public Schools, and Collaborative.

Debt Service: Budget Surplus (\$493,513) due to interest rates lower with short term borrowing vs. long term.

Employee Benefits: Budget surplus from Group Insurance (\$148,746); Mandatory Medicare tax (\$51,512); Unemployment (\$23,119)

Human Services: Budget surplus from Veteran's benefits (\$58,476), Elder Services (\$28,757) and Health Department (\$15,616).

General Government: Budget surplus from Community Planning (\$22,513); Legal Services (\$18,432); Town Clerk (\$13,180); Town Accountant (\$12,403); Town Hall (\$6,688); Town Meetings (\$6,322); all others (\$10,144).

Public Safety: Budget surplus from Fire (\$40,079); Harbormaster (\$15,774); Animal Control (\$4,482).

Public Works: Budget surplus from Landfill (\$50,394); all others (\$9,030).

All Others: Budget surplus from Culture and Recreation (\$54,342).

The above increases to Fund Balance are one-time occurrences and should not be viewed as an ongoing increase to Fund Balance in future years.